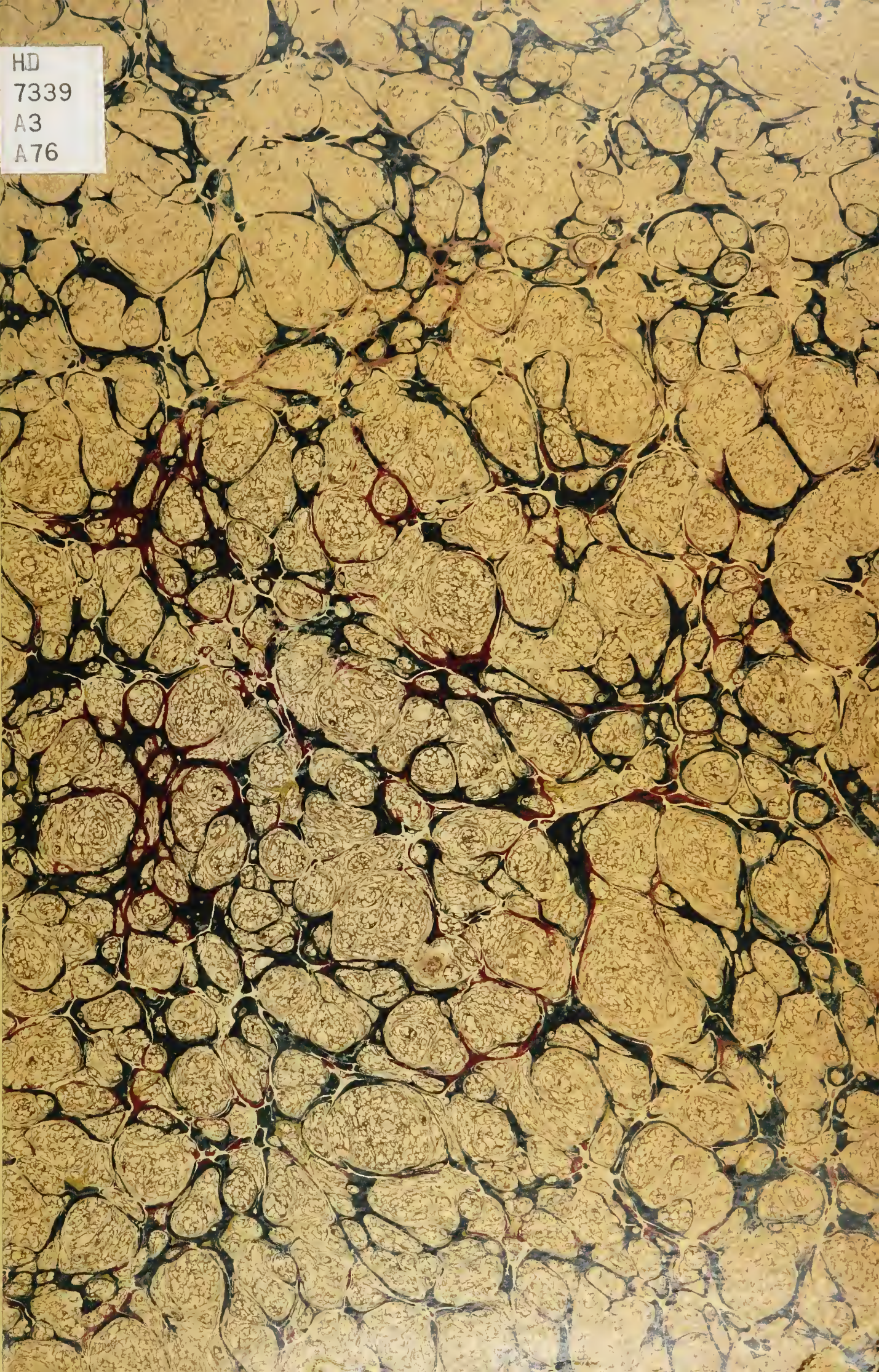


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German Housing Reform

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For over a decade and a half we have been pointing with interest and envy to the rapid strides made by the cities of the German empire in the direction of housing reform. Those familiar with the aptitude of countries and nations to advertise their best effort, and those who know the danger that comes from blind imitation of social or political mechanisms will realize the importance of weighing the German housing movement in the scales of social and economic conditions in this country.

The old communities of Germany were provided with a certain type of house which represented the general standards of the people and which, up to the time of the industrial revolution, was sufficient to meet the essentials of local needs. The development of urbanism, however, and the rural exodus, combined with the development of an itinerant group of industrial workers who are constantly seeking work in new centers of employment, have caused the cities to grow more rapidly than the housing facilities, and the rising standards in wages and general hygiene have created a consciousness of housing needs (*Wohnungsnot*) where only a housing problem existed before.

As in this country, the housing problem in the larger cities of Germany manifested itself not as a problem of providing homes and fixing the home interests of the worker, but as a pressing need for accommodations to meet the contingencies of the moment and to avoid the very serious evils of congestion and high rents which result therefrom.

The most important difficulty in the way of a constructive policy in the direction of housing reform in Germany was economic, and it was from this point of view that they approached the problem with characteristic thoroughness and promptness. The Compulsory Insurance Act, passed by the Reichstag in 1883 and amended in 1899, was the first means of placing at the disposal of the people funds for the construction of houses for the wage earners. This law made funds available for this purpose by the provisions which gave the government power to use part of the funds in meeting social needs.

The defect in this system of financing the construction of homes is to be found, however, in the method employed by the federal and municipal governments in placing their funds. As Dr. Eberstadt puts it, "Generally speaking, we do not suffer

in Germany from an atrophy of real-estate credit, but from a hypertrophy. What we should demand is not an increase in the available funds for loans, but an equitable distribution of the capital available for this purpose."^{*}

Dr. Eberstadt indicates by this statement his dissatisfaction with the system of loans which makes necessary the introduction of a building organization in order to secure loans from the public treasury. Individual loans, with a well-regulated law policy, would make possible a more equitable distribution of loans through individual builders, and a consequent increase in the number of single dwellings instead of the present tendency toward tenement constructions.

The second difficulty in the way of housing reform was found to be in the high speculative value of land, and the limited areas available for building within the city limits. Professor Eberstadt, for example, cites a case where land increased in value 1,700 per cent in seventeen years. This increase in land values and the congestion which caused it, produced rental rates which increased with the increase in congestion rather than in proportion to the accommodations furnished.[†] The little suburb of Rixdorf, outside of Berlin, which is inhabited mainly by working people, was found, upon investigation, to have a higher average rental rate than the city of Cologne, which is more or less of an exclusive and aristocratic community.

It was, therefore, along these two lines—cheaper money and cheaper land—that the State and the individual cities undertook to solve their housing problems. But, since 1902, when the cities in the Rhein region began their effort in the direction of housing reform, to the present day, when the garden-city movement is finding its most ardent advocates, comparatively nothing of importance has been done to solve the housing problem from the point of the individual owners.

The dealings between the Insurance Fund officials and the occupant are carried on through building associations recognized and incorporated

^{*}Rudolph Eberstadt: "Neue Studien über Städtebau und Wohnungswesen." 116 pages. Jena, Gustav Fischer, 1912.

[†]"Handbuch des Wohnungswesens und der Wohnungsfrage," von Prof. Dr. Rud. Eberstadt, second edition, pp. 104.

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by the government. It is a transaction between the State and a group of people rather than between the State and the individual. In some instances the cities themselves make loans to building associations which, as in the case of Dusseldorf, Cologne, and Solingen, reach as high as 90 per cent of the value of the structure. The funds loaned by the

ever, has not produced the desired results, since the increment need not be paid until a sale is made, and consequently the owner can easily plan to add to the price the amount needed to pay the extra tax.

Frankfort-am-Main, on the strength of the law of 1909, has acquired large tracts of land which the city has the power to gather in one holding and dispose of to building associations and private citizens. In 1907 the city of Crefeld bought 3,842 acres at a cost of 676,960 marks, which is being devoted to workingmen's homes.

One of the most important features of the various privileges granted to building associations in the form of land or exemptions from taxation and restrictions, is the condition that, in case of change in the character of the work, the privileges granted be withdrawn. As city officials are always members of the directing boards of the associations it is easy to control their scope and work to the advantage of the public.

Frankfort-am-Main.

While there has been in recent years a slight tendency to suburbanize the working people by providing homes for them in the outlying districts of the large cities, Frankfort has been emphasizing the need for homes within its own precincts.

In this city, as in many of the others, it was found that the small home could not be built because of the intensive land speculation and "*Aktienbaugesellschaft für kleine Wohnungen*," which is the most important building association in Frankfort, was compelled to build large dwellings accommodating several families in spite of its name which implies small homes. The organization was formed in 1890, with a capital of about \$150,000. Its shares were sold at \$250 a share, which is more than an ordinary workingman in Germany could afford. This association availed itself of the opportunity to secure funds from the treasury of the compulsory insurance funds at 3 per cent. Its dividend is limited to 3½ per cent.

At the expiration of sixty years, the city becomes the owner of the property, after all claims have been paid. The efficiency of the administration of this organization is shown by the fact that a reserve fund of over \$60,000 has been accumulated, after continuously paying a 3½ per cent dividend.

In conjunction with this common ownership of the homes there is a coöperative purchasing system established in each group of buildings, which is carried on with funds advanced by the association, and paid by tenants when rentals are paid. The average rentals for these houses containing two



TWO-FAMILY HOUSE IN ULM

cities are frequently derived from the Insurance Fund. The most interesting example of this method of furnishing funds for building purposes is to be found in Magdeburg, where the city has made plans for annual loans of 100,000 marks, each to be secured on second mortgages, thereby permitting the building organizations to secure additional loans on first mortgages from other institutions. The value of such method of procedure is readily to be seen.

The first city to take a radical step in the direction of reducing the influence of land speculation upon the housing problem was Mannheim, which spent 11,000,000 marks in the purchase of land to be sold to local building associations at very reasonable rates. The practice of merely renting the land for a certain period, usually seventy-five years, prevails. To further aid in the building of homes, the cities of Germany, at their discretion, exempt from taxation and reduce the requirements for homes intended to be occupied by wage-earners. The limitation of the taxes generally covers a fixed period of years.

An effort in the direction of reducing the desire for land speculation is being made in Frankfort and in Cologne, where, since 1904 in the former and 1905 in the latter, an unearned increment tax has been established. This tax amounts, sometimes, to as much as 10 per cent of the increment. This, how-

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rooms, kitchen, toilet, small cellar, and garret, with the use in common of baths, laundries, gardens, and meeting-houses, is \$4.80 per month.

As each association has a fixed period of activity, generally about sixty years, the property must revert to the City of Frankfort, after all indebtedness has been paid.

The development of the building and loan association idea as a means of saving for the purpose of securing homes developed in 1900, through the organization of the "*Volks-Bau-und-Spar Verein.*" The building of homes is a secondary consideration, while the saving is the important function of the society. In case of dissolution, all the assets go to the stockholders and not to the municipality.

These saving and building organizations sometimes rent land from the city at a very reasonable rate, and in return must give up the property to the city at the expiration of a term of years, usually from sixty to seventy years. This is called the "*Erbbau*" system. Profits, rentals, character of

homes to be built, are all specified in the lease with the city, so that there is a guaranty as to what type of structures are to be provided.

Hamburg.

Hamburg, which is a city of over one million population, did not begin to consider its housing problem until 1902, when a series of extensive municipal improvements were undertaken, and the community found itself face to face with the problem of accommodating large groups of workers and their families. Some of the workers were compelled to leave their old abodes which had been included in the improved territory, while others were attracted to the city by the improvements which were being carried out. The city soon voted an appropriation of 1,200,000 marks, to be used as a loan fund for the assistance of building associations, which were to undertake the construction of workingmen's homes. The buildings constructed were exempt from taxation, and the loans were to be paid back to the



TYPES OF BERLIN TENEMENTS

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city within ten years. This loan fund stimulated the building of three thousand homes, which are accommodating a population of approximately 11,000 people. As in the case of Frankfort, the Hamburg policy does not promote private ownership, and the tenement type of dwelling has been the only type provided.

So backward has been the work of the municipality of Hamburg that the attention of private individuals has been attracted to the intensity of the problem, and as many as twenty-six endowments of various kinds have been provided within recent years, for the purpose of meeting local needs. Some of these endowments, such as the Apollonia Maria Stift, which provides homes for locksmiths only, cater to special groups or classes of workers.

Altona.

Altona, which adjoins the city of Hamburg, has been fortunate in its housing work through the

organization of a "Garden House Building Association," which, in 1911, made an agreement with the city whereby it leased six and a half acres of land in Bahrenfeld for a period of seventy-five years, with the understanding that all houses are to be built within two years. In return for the leasing of the property, the association pays to the city, \$0.0476 per 1.196 square yard per annum. As the mortgaging of property constructed upon city land is very difficult in Germany, the municipality has agreed to loan money for building purposes at a rate of 4 per cent, which is the same that the city has to pay. The capital is to be paid up in fifty-five years. At the expiration of the lease the whole of the property is to revert to the city.

Ulm.

Owing to the fortifications, which were only recently removed, the city of Ulm has not increased in population so fast as the other German cities have done. Within recent years, however, the city has acquired large areas of land amounting to almost 6,000 acres.

While the cities of Stuttgart and Leipzig have been confronted with a serious housing problem, due to the difficulty of acquiring land, Ulm had all the necessary land that the housing of the people required, and was building homes to be sold to wage-earners at reasonable prices. In doing so, the city availed itself of the compulsory insurance funds. About three hundred homes for individual families were built in this manner. As the payments exacted by the city do not exceed the average rental for such homes in the community, and as the payments cover a period of twenty-three years, it appears that the permanency of the workers is assured, and the possibilities for acquiring a home are within the reach of the most modest of wage-earners.

Since 1896, however, there has been a movement in the direction of building tenements through the effort of a building association, which obtained from the city the use of the necessary land for this purpose, and erected buildings aggregating in cost 307,000 marks, with accommodations for forty-seven families.



FRANKFORT-AM-MAIN TENEMENTS

HOUSING AND TOWN PLANNING

One of the most extensive efforts in the direction of providing housing accommodations has been undertaken by the "Society of Federal, State, and Municipal Employees," which has spent over 40,000,000 marks in the construction of 2,496 homes. The compulsory insurance fund was the main source of financial support in this great enterprise.

Municipal Building.

Frankfort was among the first cities to be confronted by a problem of providing housing facilities for municipal employees. About three million marks were spent in the erection of a sufficient number of buildings to accommodate 356 families. The rental paid by these employees is sufficient to pay a dividend of 3½ per cent aside from the cost of maintenance.

Munich, Strasburg, and other cities have been compelled to make similar provisions. In connection with these municipal houses, coöperative organizations have been formed, and mutual aid is one of the most important features of their activities.

The suburb of NeuhoF, near Strasburg, was built in 1910, or at least was started at that time, and was the result of the efforts of the municipality to afford housing accommodations for workers outside of the city, where land was cheap and whence transportation was made possible by the building of a special line which takes only twenty-two minutes to reach the center of the city.

In this enterprise the government of Alsace-Lorraine, the Imperial Government, and the city guaranteed the necessary funds for the construction of the homes. The city was made responsible for the interest on the lands secured.

The organization back of the NeuhoF suburb, although having a certain amount of freedom of self-administration, is under very strict supervision, and its important transactions must be sanctioned by the municipal council.

The shares can be held by anyone at 200 marks, or \$40, a share, and they can be paid off in small payments of 5 marks each.

Both individual and multiple dwellings have been constructed, but the individual cannot own any of the property.

From the foregoing statement it is evident that only Ulm has made provisions for ownership of homes on the part of the workers occupying the municipal houses. All other cities, in their efforts to improve housing conditions, have failed to make it possible for anyone to acquire a home under the advantages of the loan and tax privileges accorded by the federal, state, and municipal governments.

As municipal government and municipal representation in the cities of Germany is still based upon a taxing classification of the people, it is barely

possible that this failure to encourage ownership is due, at least in part, to a desire to hold the control of the local governments in the hands of the few, and that for this reason ownership and consequently direct taxation is not encouraged.

Garden Cities.

The "*Deutsche Gartenstadtgesellschaft*," which was organized in 1902, was the first definite effort in the



INDIVIDUALLY OWNED HOMES, ULM

direction of developing the garden city idea in Germany. It took this organization half a decade to decide upon a program, which is now being carried out in various parts of the empire.

Since 1907 the *Deutsche Gartenstadtgesellschaft* has devoted much of its effort to the propaganda of ideas upon which garden cities should be built, and land speculation is being eliminated wherever this association is exercising any influence.

The first independent society for the building of a garden city was organized in 1908, and the result has been the building of Hellerau, near Dresden. We have frequently referred to this community in the columns of this journal, and photographs of the houses which have been attracting the attention of architects have been printed.

In Nuremberg a similar organization has been formed and the state of Bavaria has assisted by pro-

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viding a subvention. In the case of Hellerau, however, the only assistance from the government was in shape of road construction and proper transit facilities.

With the possible exception of Hellerau, it must be said of the German garden cities that, while they meet a need for the housing of people, they are not effective as a solution for the housing of wage-earners, because the rentals are too high, and the houses are of a much better grade than would be required by people of moderate means.

Conclusion.

As one surveys the field of housing reform in Germany, two important lines of activity stand out: First, the availability of land made possible by municipal ownership and the low ground rents charged, and, second, the financial assistance given by the state, federal, and municipal governments, as well as the exemptions from taxation for definite periods of time.

These methods are worthy of imitation in this country. Our housing and tenement problems are land problems, and congestion as well as the poor housing accommodations are due to speculative building and extensive landlordism, which are made necessary by the difficulty to secure loans for individual home-building.

From the point of view of permanent citizenship, and the advantages that come from a spreading of the population over large areas instead of concentrating them upon small areas, the work so far done by German housing reform is a failure. The German cities are tenement cities. In this country there is still room for the development of a great democracy. Through favorable legislation, we could house the people in individual and privately owned homes, which in health and comfort as well as artistic quality would surpass the paternalistic efforts of the German empire.

Modern Cities. Pollock and Morgan. 418 pages.
Funk and Wagnalls, 1914.

Hitherto all study of municipal government in Europe centered about the administrative affairs

as conducted under the laws of the various countries in question. "Modern Cities," while not in any large degree devoted to the treatment of new phases of municipal life, has the merit of having coördinated city planning with city administration. That these two subjects are inseparably inter-related has been long recognized by students of city-planning problems, but the authors of "Modern Cities" are the first clearly to define the inter-relation and point out where efficient government depends upon efficient planning.

The historical material contained in the book, which is interestingly written in the form of a travel chronicle, will be new to many American students, and will be found to explain many anomalies and conditions which have not been clearly understood before.

The book should prove valuable to city officials, but its most potent appeal will be among the average citizens, to whom it is bound to make clear the necessity for comprehensive planning.

Through Routes for Chicago's Steam Railroads. By George Ellsworth Hooker.
Published by The Chicago City Club, 1914.

This is a study issued by the Chicago City Club; the bookmaker's art combined with the skill of the writer in proving the case. The numerous charts and maps render this report of very great value to transportation students. One of the most interesting features of this publication is the set of cartoons indicating the methods of travel necessitated by the various transit systems of the City of Chicago.

The volume, while not encumbered by masses of statistical data, contains all the essential evidence necessary to prove the necessity for establishing a through-route system of steam railroads. The arguments presented are clear and without the handicap of technical discussion.

There is little that one can say about the book except that its thesis is proved beyond a doubt, its method is a model of simplicity and straightforwardness, and its makeup is by far the most attractive of any of the American publications dealing with transit problems.

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